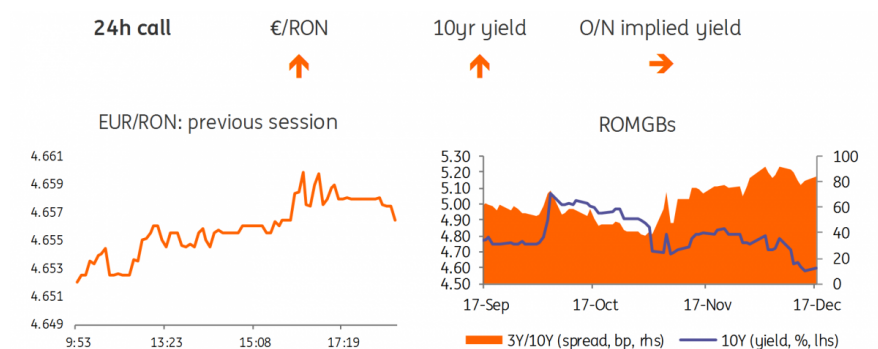


Briefing Romania

3-year benchmark auction



↑ EUR/RON

After a supportive session for leu on Thursday, the EUR/RON resumed an upside trend on Friday and closed the day in the upper part of the 4.6500-4.6600 range. We expect the pair to stay around the current levels.

↑ Government bonds

While not maintaining the same pace of gains like previous days, the Romanian government bonds still managed to inch 3-4 basis points lower on Friday. Today, we have an October 2021 auction for RON 600 million. The tenor is usually in good demand from a broad range of investors,

though after the recent rally we could see a somewhat diminished enthusiasm. Nevertheless, we expect the target amount to be filled around secondary market mid-yield of 3.77%.

➔ Money Market

Cash rates remain at deposit facility these days with the surplus liquidity expected to be drained by the monthly budget payments on 21 and 24 December.

The week ahead

For the week ahead we expect the Federal Reserve to raise rates 25 basis points on Wednesday and signal further rate hikes.

We currently expect three 25 basis point rate hikes in 2019, although acknowledge that the risks are probably skewed towards a more cautious tightening path from the Fed. In the Eurozone, consumer confidence has been on a declining trend all year, and the question is whether December will be the exception to that rule. Given general concerns about the economic environment, it's more likely that it will be in line with this year's trend. In Germany, the latest Ifo index will give a better picture of the underlying strength of the German economy. Another drop of all components would be a clear signal to further downgrade growth forecasts.

On the local front, we expect the EUR/RON to remain within the same 4.6500-4.6700 range for this week.

EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.67	4.67	4.65	4.70	4.75
Forward rate	4.68	4.69	4.74	4.78	4.83

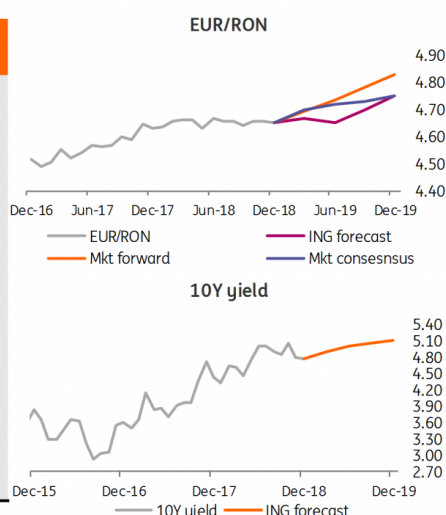
Source: Reuters, ING estimates

Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6570	0.0	0.2	-0.1
EUR/PLN	4.2903	-0.1	-0.1	-0.1
EUR/HUF	323.45	0.2	0.0	0.5
EUR/CZK	25.778	-0.2	-0.3	-0.9
RO 5Y CDS*	103.9	0.0	-0.2	5.0
ROBOR O/N*	168	-4.0	-37.0	-86.0
ROBOR 3M*	3.04	0.0	-4.0	-17.0
DAX	10865.8	-0.5	11	-4.0
S&P 500	2599.95	-19	-0.7	-4.2
DE 10Y*	0.26	-2.8	0.5	-10.1
US 10Y*	2.89	-2.2	4.1	-22.7
Gold (US\$)**	1238.1	-0.3	-0.8	2.1
Brent (US\$)**	60.3	-19	-2.3	-9.9

*change in basis points; **US\$ (data as at 06:28 GMT)

Source: Reuters, Bloomberg, ING



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